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Attention All Mortgage Bankers and Mortgage Brokers:

The Division has become aware that there is some confusion regarding the transition onto the Nationwide Mortgage Licensing System & Registry (NMLS) and how it affects the Division and licensees. The information provided below should clarify some issues. Unfortunately, the Division will not be able to answer all of your questions until we move closer to the October 1, 2010 transition date. The Division will advise you as soon as additional information is known. Furthermore, the Division is developing a special link on our Website homepage called "NMLS Updates", which will be active this week.

Nevada's transition onto NMLS does not in any way diminish Nevada's authority to regulate its mortgage lending industry. NMLS is merely a repository of information which requires the use of standardized forms that must be sent electronically through NMLS to the Division for processing and approval by the Division. Although NMLS uses standardized forms for all states, there will still be required information and some documentation that will be required to be sent directly to the Division. Licensees and applicants will be required to continue to submit applications and renewals in the current manner until Nevada is operational onto NMLS. At that time, all licensing fees will also be paid through NMLS.

All existing licensees will be required to register on NMLS or expand their existing NMLS record to include Nevada between October 1, 2010 and November 30, 2010. All new applications submitted after September 1, 2010 will be done through NMLS. However, the Division anticipates that license renewals will continue to be done by the Division until the December 2011 renewal, due to current statutory renewal dates which require Legislative changes next session. All licenses on NMLS expire annually on December 31<sup>st</sup> and all states are required to change their renewals dates to mirror this date. This means mortgage agents will continue to renew by their current renewal dates, and mortgage brokers will be required to submit their renewals by May 31<sup>st</sup> in the manner currently used. All licensees will then be required to renew again during the NMLS renewal period of November 1 through December 31, 2011 and then annually thereafter by December 31<sup>st</sup>. The current renewal processes will cease after the full transition onto NMLS in December 2011.

Division staff has been participating in weekly training offered through the Conference of State Bank Supervisors (CSBS) to facilitate the transition of Nevada's mortgage brokers, bankers and agents onto NMLS on October 1, 2010, with full transition by December 2011. The Division wants to ensure information is disseminated to our industry related to the transition. The information below has been updated from the e-mail sent out on February 25, 2010.

The Division is experiencing a large volume of calls from individual mortgage agents asking for guidance regarding the NMLS transition. It is imperative that the information contained in this message be provided to all affected staff. The Division also strongly encourages licensees to visit the [NMLS Website](#) and

review the recourse pages, as well as review the [HUD SAFE Act page](#) for additional information. Brokers and bankers who have questions may direct their questions to Sheila Walther through e-mail at [swalther@mld.nv.gov](mailto:swalther@mld.nv.gov) or by calling (775) 684-7055. To assist in call volume, please have individual mortgage agents direct their questions first to their employer.

The Division held workshops on proposed regulations, R035-10 and R038-10 on March 30<sup>th</sup>. The purpose of the regulations is to implement the requirements of the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE). The proposed regulations may be viewed on the Division's Website and are currently being reviewed by the Legislative Counsel Bureau.

**Please note that the future transition onto NMLS does not affect the requirement, pursuant to Nevada law, for all banker residential mortgage loan originators, as well as all mortgage broker owners who conduct Nevada originations or serve as the qualified employee, to be fully licensed with the Division by July 31, 2010.**

### **License Transition**

1. The Division will provide NMLS with a list of current licensees for transition after the NMLS transition training, in early fall. Licensees will then have 60 days, from October 1, 2010, to go onto NMLS to set up their record or expand their record for Nevada. The Division will explain the procedure to establish a record as we near the target date.
2. All current licensees will be required to make application on NMLS during the transition period, and all new applications will be submitted on NMLS after the transition in October.
3. Existing licensees will be able to transition onto NMLS after Nevada is active and will only incur the NMLS initial application fees and first year registration fees; \$200 for a company's principal office, \$40 for branches and \$60 for agents. Each subsequent year NMLS fees are \$100 for companies, \$20 for branches and \$30 for agents. NMLS also assesses a \$30 fee for changes of agent associations.
4. NMLS fees are in addition to Nevada's current fees.
5. Nevada is not currently live on NMLS. Licensees who are not currently on the NMLS system may create a base record (name, address and social security number) on NMLS to generate a unique identifier number. However, licensees must wait to establish a full record until after October 1, 2010 when Nevada goes live.
6. Mortgage bankers, brokers and agents will be required to renew their licenses with the Division until the law is changed and as a requirement for renewal, must be in full compliance with NMLS requirements.

### **Education and Testing**

1. The Division will work with NMLS to develop a Nevada test to be administered by NMLS and anticipates the test will begin being offered October 1, 2010. Until it is offered, applicants will need to pass the test currently offered by PSI on behalf of Nevada as part of their licensing process in Nevada.
2. NMLS will allow the Division to certify that an agent has completed the Nevada section of the required test if an agent successfully passed the PSI test. However, all agents will have to complete the federal test administered by NMLS through their vendor Pearson Veu as they transition onto NMLS and without regard to whether they took the PSI test. The NMLS federal test costs \$94 and they will charge \$69 for the state test once it is offered.
3. Individuals need a unique identifier number to take the NMLS federal test. All mortgage agents must pass the NMLS federal test no later than December 31, 2010 to be compliant with SAFE requirements. Agents should establish a base record on NMLS as soon as possible to ensure completion of this requirement.
4. NMLS will also allow the Division to certify that an agent has completed the 20 hour pre-licensing education SAFE requirement. The 30 hour pre-licensing education courses currently approved by the Division include the SAFE required subject matter.

5. The certification process will not be done until early or late fall. Once the Division supplies NMLS with the names of individuals eligible for education and testing certification, agents will need to go into their record on NMLS and pay \$5 to have their state test certified and \$15 to have their education certified.
6. Although some mortgage brokers and agents were excluded from taking education and testing dependent on their initial licensing date, there are no grandfathering provisions in SAFE to exclude agents from completing the education and testing requirements.
7. Continuing education will not be required by NMLS until the December 2011 renewal; however, mortgage agents will need to submit 10 CE hours to the Division with their renewals until NMLS is handling the renewals. Mortgage brokers will also need to submit CE with their renewals as previously required until December 2011.

### **Bonding**

1. The bonding requirements in SAFE are addressed through the proposed regulations.
2. SAFE requires that all residential mortgage loan originators be covered by a bond or pay into a recovery fund. Nevada does not administer a recovery fund, so mortgage bankers and brokers will need to secure a bond which covers all associated mortgage agents once regulations are adopted.
3. SAFE requires that the bond amount be determined by the activity volume of the licensee. The amounts proposed in the regulations are tiered from \$50,000 to \$75,000 based on volume.
4. The current bonding criterion in Nevada law for mortgage brokers is determined by the number of offices, not volume of activity. The proposed regulations establish a volume bonding criteria; however, the regulations correlate the two bonding requirements together and will not, in most cases, require any additional coverage.
5. Mortgage bankers, who are also licensed as mortgage brokers, will be required to obtain separate bonding for the banker license.

### **NMLS submissions:**

1. All individuals will be required to submit new electronic scan fingerprints with their application to NMLS. NMLS assesses a \$39 fee.
2. One of the minimum standards for licensure, pursuant to SAFE, requires that the applicant not have had any felony convictions in the 7 years immediately preceding the application onto NMLS and never have had felonies related to fraud, dishonesty, breach of trust or money laundering, irrespective of the date of the crime or whether it has been sealed or expunged.
3. If an existing licensee does not meet any prescribed minimum standard, they will not be able to hold a license pursuant to SAFE, even if he has previously been issued a license by the Division. The minimum standards pursuant to SAFE are contained within AB 523, which was effective on October 1, 2009, and applications approved after that date were subjected to the SAFE requirements.
4. The Division will allow current licensees approved prior to October 1, 2009, who do not meet any of the prescribed standards, to voluntarily relinquish their license to avoid a license denial which could impact their ability to hold other professional licenses.

### **Other**

1. SAFE requires licensees to submit call reports (activity reporting reports). Call report forms are currently being discussed and are not anticipated to be required until 2011. NMLS is considering a quarterly submission which will include details related to loan activity, as well as financial information, such as a balance sheet, including a breakout of warehouse lines, income statements and cash flow statements. These submissions will be in addition to the required Nevada monthly activity report and annual financial statement filing requirement.
2. NMLS has launched a public look up function for consumers.
3. NMLS maintains a call center for help in completing the NMLS applications which they call "MU forms". NMLS may be reached at (240) 386-4444. NMLS does not maintain a toll free number.